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University of Montana

NEWS RELEASE

Office of News and Publications
Missoula, MT 59812
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March 25, 1991

ECONOMIST PREDICTS MINIMAL IMPACT FROM NATIONAL RECESSION

MISSOULA --

Montana will suffer less from the recession than will the rest of the nation, according to a University of Montana economist.

Paul Polzin, director of the UM Bureau of Business and Economic Research made this forecast as part of the Economics Montana program, cosponsored by the bureau and US West.

"We project Montana will experience slight growth in 1991, while the national economy is expected to shrink," Polzin says. "U.S. non-farm labor income will decline during 1991, while the corresponding figure for Montana will show modest growth."

Polzin says Montana is historically affected less than other states during recessions because of its dependence on industries such as agriculture that has ups and downs not usually corresponding to the national business cycle.

However, Polzin says the recession may affect some portions of the state more than others. For example, western Montana may be hit the hardest because that is where the forest products industry is concentrated, he says, adding that national business cycles do affect this industry.

The recent closures by Champion may be examples of recession-related impacts, he says.

- more -

Polzin says that the consensus forecast among national economists is that the U.S. economy should begin to recover by mid-1991. This means that conditions in Montana should begin to improve during the last half of 1991, he says.

"By 1992, the recession will be history," Polzin says.

Polzin projects that Montana's economy will rebound in 1992 and experience about a 2.2 percent growth -- about 1.5 percentage points less than the national average.

Personal income, one of the major determinants for retail sales, will increase about 2 percent per year during 1992 and 1993, Polzin says. This growth will average about 0.8 percent per year below the national average.

Montana's job market will also improve slightly in the short-run, Polzin says, with non-farm wage and salary employment increasing by about 14,000 jobs between 1990 and 1993.

For further information, contact Polzin at 243-5113.

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